GOVERNMENT OF INDIA
LABOUR
LOK SABHA

UNSTARRED QUESTION NO:4925
ANSWERED ON:20.12.2000
INVESTMENT BY ESIC
PRABHUNATH SINGH

Will the Minister of LABOUR be pleased to state:

(a) whether it is a fact that Employees State Insurance Corporation (ESIC) was making investments in SpecialDeposit Account (SDA) with Reserve Bank of India (RBI) at an interest rate of 12 percent payable yearly as on March 31, of every year;

(b) whether the rate of interest in the nationalised bank was 13 percent for period exceeding three years but the ESIC continued to make investments in the SDA only even after RBI permission to keep investment in PSBs thereby making a net loss of Rs.3.05 crore per annum; and

(c) if so, the reasons for ESIC not keeping theinvestments with PSBs and the action the Government propose to take in the matter or has taken to cause loss to ESIC by its authorites?

Answer

MINISTER OF STATE FOR LABOUR AND EMPLOYMENT (SHRI MUNI LALL)

(a) to (c): The surplus ESI Funds were being investedin Special Deposit Account with the Reserve Bank of India till 7th April 1995. In June 1992, it was decided to invest surplus ESI Funds in the nationalised banks also. Rates of interest offered by the banks fluctuate from time to time depending on quantum and period of deposit. However the ESI Corporation has again started investing its surplus fund in the nationalised banks after 1992. Keeping mainly the safety and security of the ESI Fund in view,investment is made in accordance with the provisions of Rule 27 of the ESI (Central) rules, 1950 and subject to the approval of the StandingCommittee of the ESI Corporation. Therefore, the question of loss being caused to the ESI Corporation in this regard does not arise.